Testimony of Senator Richard Durbin
Before the U.S. International Trade Commission
July 24, 2003

Madame Chairwoman and members of the Commission, thank you for allowing me to submit testimony regarding the positive aspects that the President's Section 201 Safeguard action has had on the domestic steel industry. The investigation your Commission is holding is very important to the steel industry. The President will rely heavily on your report in deciding whether to continue temporary relief for the domestic steel industry. I strongly urge you to recommend that the remedy be allowed to run for the full three years and not be terminated prematurely.

The failure to maintain the tariff measures for the full three-year period would subject the U.S. market to renewed import surges from foreign overcapacity. While progress has been made in addressing foreign steel overcapacity under the President's Steel Program, that overcapacity remains a real threat today. The American steel industry has taken significant steps in restructuring itself to better compete against low-priced foreign imports. If there were renewed surges of imports prior to the completion of this restructuring effort, it would erase the progress that has been made so far.

As a member of the Senate Steel Caucus and as someone who has been a strong supporter of the domestic steel industry, I recognize the impact the tariffs have had on our domestic steel industry. Allowing the relief to run for the full three years is essential to the continued recovery of the American steel industry and to the tens of thousand of jobs it supports. Our country is facing difficult economic and international challenges, it is essential we have a healthy domestic steel industry for our economic well being and our national security.

I would like to touch on the domestic cold finished steel bar industry and its serious decline. Its customer base is shrinking as downstream parts and other manufacturers find it difficult, if not impossible, to compete with dumped imports from China and other countries. With increasing frequency, these consumers of cold finished steel bar are either closing shop or moving off-shore. At the same time that domestic consumption is shrinking, imports of cold finished steel bar have been increasing. Supported by government subsidies that their lower costs, foreign producers of cold finished steel bar continue to grab an increasing share of the U.S. market.

Unless something is done to halt the steady decline of the domestic cold finished steel bar industry, the day will soon come when the United States is totally dependent on foreign suppliers of this important steel product. Fortunately, the tariff imposed by the President is an important step in the right direction.

The tariff affords U.S. producers of cold finished steel bar, like the Corey Steel Company in my state, some much needed breathing room to adjust to import competition. As long as it remains in place for the full three-year term proclaimed by the President, the industry and its workers are hopeful that they can use this period to reduce costs further, increase productivity, modernize equipment, and return to profitability.

Madame Chairwoman, in conclusion, I urge the continuation of the temporary measures. If these efforts are allowed to succeed, this program will result in a renewal of America's steel industry to the benefit of steelworkers, steel communities, steel users and suppliers to the industry.